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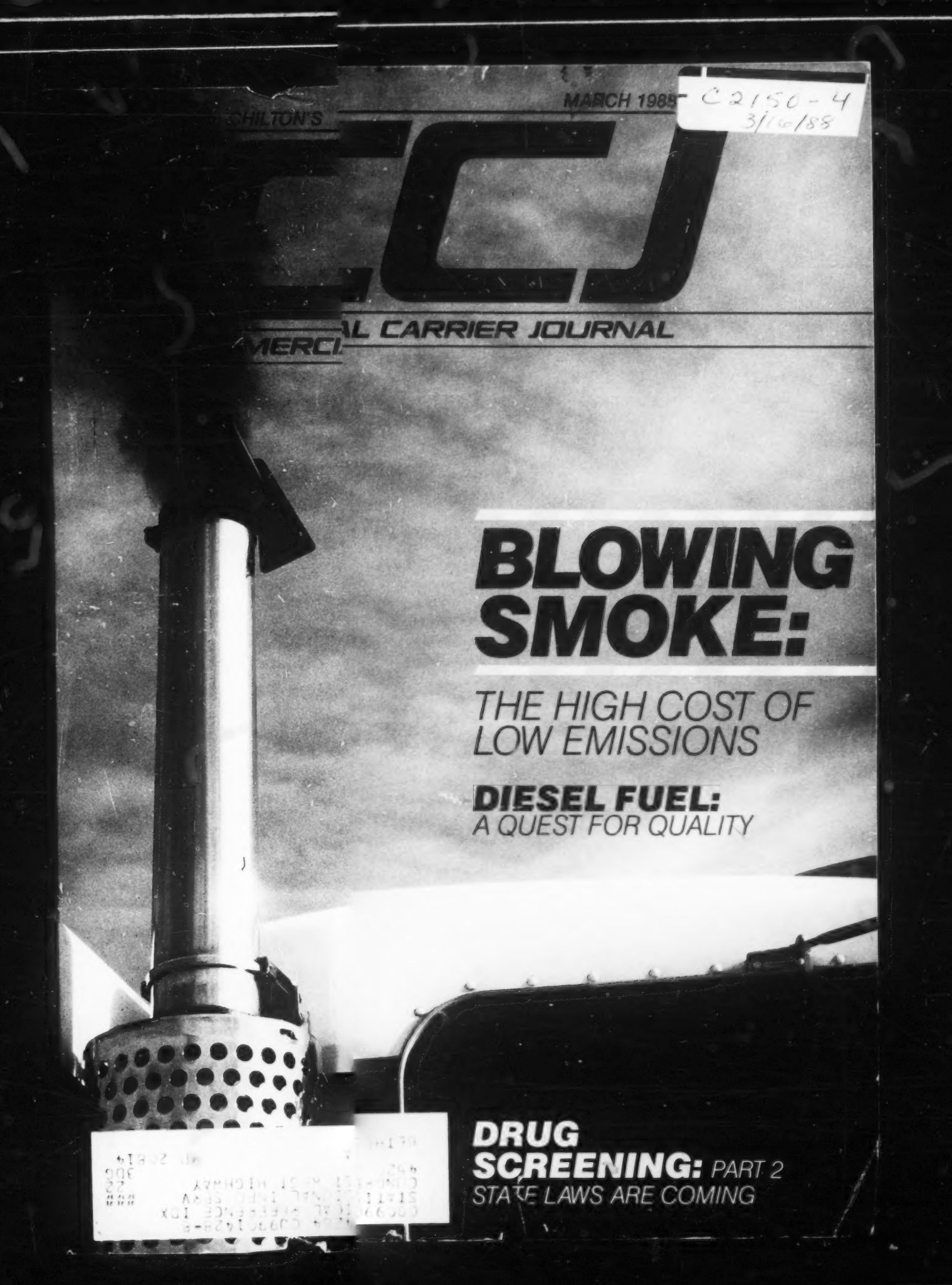
AMERICAL CARRIER JOURNAL



BLOWING SMOKE:

THE HIGH COST OF LOW EMISSIONS

DIESEL FUEL:
A QUEST FOR QUALITY

DRUG SCREENING: PART 2
STATE LAWS ARE COMING

CHILTON'S
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COMMERCIAL CARRIER JOURNAL

VOLUME 145 NUMBER 3 MARCH 1988

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CCJ's Fleet Reference Annual helps carriers by providing up-to-date information on: interstate reciprocity, including agreements among states; government agencies to contact for information on registration, reciprocity, sizes and weights, permits and taxes; state-by-state charts that show vehicle size and weight limits, and access restrictions; maps that reflect states' fuel and third structure taxes, and where long combination vehicles can travel. The April issue also includes specs and prices of shop equipment and postcards that can be used to solicit catalogs and brochures. □

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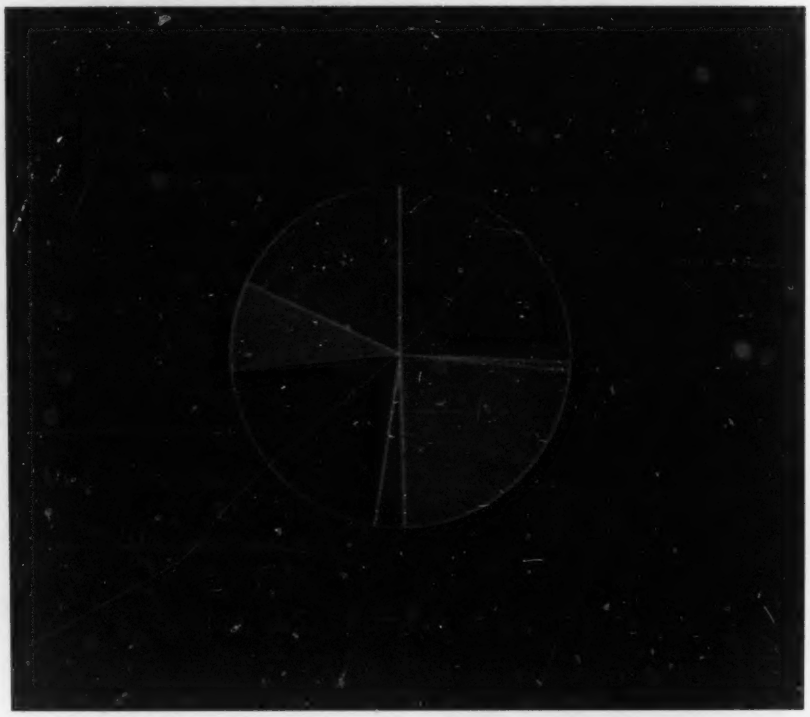

Mandated benefits may severely hurt small fleets

By **NEIL REGEIMBAL**,
Washington Editor

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Labor costs, particularly for small truckers, will be under intense pressure from a variety of directions in the coming years, labor experts warn.

Only part of the pressure will come from higher wages, they say. Many of the added costs will come from pressures on employers to increase costly benefits. Higher wages and benefits are inevitable because of the driver shortage and a new Teamster contract for organized trucking firms. The situation doesn't paint a rosy picture for smaller trucking companies.

Collective bargaining between the trucking companies and the Teamsters Union is due to wind up this month. Whether the two major employer bargaining groups—Trucking Management Inc. (TMI) and Regional Carriers Inc. (RMI)—can hold down the added costs in a new three-year National Master Freight Agreement is problematical.

Teamster president Jackie Presser is playing almost no role in the negotiations. His racketeering trial in Cleveland has been postponed again on the grounds that failing health prevents him from supervising his defense. He did not appear at the opening of the negotiations in February.

Labor costs now account for more than 60% of unionized carriers' operating expenses. In addition to minimal wage increases—the final item to be negotiated as the talks wind up this month—trucking employer groups are seeking rollbacks in several areas in an effort to hold down costs. Non-wage items are flexible workweeks, more freedom to substitute rail service for over-the-road operations, and greater freedom to use casual and part-time workers.

Union members have traditionally been leery of having special or "sweetheart" contracts signed with some weaker companies, but many of the unionized carriers have been hurt by non-union competition.

In addition, special local work rules in the agreement's 31 geographical supplements are being sought by employers to permit flexible work weeks for union workers and to permit casual workers to be hired in four-hour shifts, rather than eight-hour shifts.

Non-union truckers have wage and benefit costs that are about 20% to

Continued on page 24

Mandated benefits may severely hurt small fleets

Continued from page 20

30% less than their unionized competition. But this could change, labor experts warn.

There is growing pressure on federal and state lawmakers to mandate employers to provide fringes such as life and health insurance, pensions and death benefits. These benefits already cost business a record 39.3% of payroll, according to the U.S. Chamber of Commerce.

It could get worse, according to a study by the Employee Benefit Research Institute (EBRI) of Washington. Several presidential candidates have already announced their support for policies requiring employers to provide employees health insurance—the subject of legislation pending in Congress, EBRI notes.

With current deficit problems, "members of Congress do not have any Treasury funds to spend and so they will spend the funds of business," says Rep. Rod Chandler (R-Wash.).

The EBRI study also points out that legislation requiring employers to provide unpaid leave either for the birth, adoption or serious illness of a child, or for the serious illness of an elderly parent or the employee, is pending.

The study notes this observation by economist Kenneth McLennan: "Additional mandated benefits will make it more difficult for U.S. businesses to compete in international markets" and may cause some employers to reduce wages or other benefit programs, or even eliminate jobs, in an attempt to remain competitive.

It also quotes Dr. Olivia Mitchell, who claims the impact of government-ordered benefits "will be more pronounced on small employers who have less flexibility to rearrange compensation packages. As a result, small employers face greater competitive pressures because of their inability to deflect rising labor costs."

One source in the study recommends a national health insurance program financed by taxes on individual incomes rather than a "hidden" tax on employment.

The U.S. Chamber study says the largest fringe benefit cost for employers (26% of total benefits) was for paid time off, followed by Social Security (22.6%), medical-related benefits (21.1%), retirement (17%) and life insurance and death benefits (1.3%).

Another development puts additional financial strain on some weak companies. The U.S. District Court for Massachusetts recently held that an employer is responsible for minimum funding contributions to pension plans during a bankruptcy proceeding, and that certain amounts owed to the plan must be paid as a priority claim.

General counsel Gary Ford of the federal Pension Benefit Guaranty Corp. (PBGC) commented: "The fact that an employer is in bankruptcy does not lessen an employer's responsibility to make contributions to a pension plan"—a position the PBGC has long held.

The PBGC sets interest rates to be charged by multi-employer pension plans (such as the Teamsters' plan) on withdrawal liability payments that are overdue or in default. Currently, the rate is 8.75%. PBGC also increased its rate for pension guarantee premiums from $8.50 to $16 for each employee. □

Circle Express and Roadrunner announce merger

Indianapolis, Ind.—Circle Express Inc. and Roadrunner Enterprises Inc., Albuquerque, N.M., have signed a merger agreement. Combined annual revenues for 1988 are projected to exceed $300 million.

This is the second acquisition Circle has made in three months. In December, it bought C.I. Whitten Transfer, an explosives hauler.

Circle has purchased 1.35 million shares of Roadrunner stock at $9.75 per share from Donald F. Jones, former chairman and current member of the board of Roadrunner, and Jeffrey B. Martin, chairman, president and chief executive officer.

The purchases give Circle Express over 36% of the common stock of Roadrunner.

Under the agreement, Circle Express will purchase in cash all outstanding shares of Roadrunner stock at $9.75 per share.

Arthur L. Belford, chairman, president and CEO of Circle Express, said Roadrunner, which is publicly traded, would give Circle more access to western and southwestern markets.

Likewise, Roadrunner president, Jeff Martin, said Roadrunner had been seeking expansion opportunities in the East and Southeast, which Circle will provide.

Both Circle Express and Roadrunner are national truckload common carriers. Circle is a holding company for nine full truckload motor carriers, many involved in specialized transportation services like flatbed hauling, refrigerated transportation and explosives movements. □

Burnham Service Corp. acquired by Investcorp

Burnham Service Corp., Columbus, Ga., has accepted the acquisition bid of its management in conjunction with Investcorp International Inc.

Investcorp is an investors group involved in corporate acquisitions and real estate development projects in the U.S. and Europe since 1984.

Originally, Investcorp offered $18 a share for Burnham's stock. After Roadway Services, parent of Roadway Express Inc., offered $20 a share for Burnham, Investcorp increased its offer to $22 a share.

Burnham, which began as a household goods hauler, now specializes in the transportation of high value electronic equipment. □

Volvo GM will be third in heavy truck market, Berggren says

"One of every six heavy trucks produced in 1988 will be from Volvo GM Heavy Truck," said Thage Berggren, president and chief executive officer of Volvo GM.

The company, a joint venture between AB Volvo of Sweden and General Motors Corp., began operations Jan. 1, 1988.

"We intend to solidify our position as Number Three in the industry before the end of 1988. We anticipate that we will end up with about a 16.5% share of the market," said Berggren.

He said he expects 1988 sales of Volvo GM trucks to be 20,000 to 21,000, amounting to about $1.2 billion.

"In a year of many distractions, we managed to equal – almost – our 1986 retail sales," said Berggren. Volvo White's Class 7 and Class 8 unit sales for 1987 totaled 12,513, 307 units fewer than 1986's total of 12,820.

The company's market share of Class 8 trucks also decreased in 1987.

In 1986, the company sold 11,361 heavy trucks and captured 10.1% of the Class 8 market. In 1987, Volvo White Truck Corp. captured 8.3% of the Class 8 truck market, with reported retail sales of 10,840. Class 8 trucks, the largest and heaviest manufactured, have a gross weight of 33,001 or more.

Class 7 retail sales of Volvo White trucks increased by 214 units from 1986 to 1987, with 1,673 units sold in 1987. Gross vehicle weight for Class 7 trucks ranges between 26,001 and 33,000 lb.

Three factors caused the company's market share to dip slightly, said Berggren. "Most important was that industry sales were up so strongly over 1986. Volvo White could not increase production significantly despite scheduling 17 days of overtime at our Dublin, Va., assembly plant.

"In addition, the company supplied 750 U.S.-manufactured trucks to Volvo GM Canada Heavy Truck Corp., thus cutting into the supply available to the U.S. market," said Berggren.

According to Terry C. Young, director of marketing, "Volvo White penetrated the market last year 8.3% and GMC penetration was 5.6%. Putting these two numbers together gives you total vehicle sales of 18,148 or 13.9% share. That is within 120 units of Mack, which ended '87 at 13.9% [see chart]. We feel very good about the opportunity we have going forward to improve Volvo GM Heavy Truck's position in the overall marketplace."

Retail sales for the Class 8 truck industry for 1987 were 131,156. That is a 16.2% increase over 1986's figure of 112,871, according to Berggren.

The industry rankings for heavy-duty trucks in 1987 were, Berggren said:

Rank	Company	# of units	Market share
1.	Navistar	28,914	22.0%
2.	Freightliner	23,350	17.8%
3.	Mack	18,268	13.9%
4.	Kenworth	14,018	10.7%
5.	Ford	12,796	9.8%
6.	Peterbilt	12,578	9.6%
7.	Volvo White	10,840	8.3%
8.	General Motors	7,308	5.6%
Others totaled 2.3% of the market			

Heavy shipping container problems discussed

From CCJ's Washington Bureau

Overweight shipping containers that cause many problems for truckers are finally being discussed by representatives of shipping lines, port authorities, shippers and the American Trucking Associations (ATA). In February, they met at the request of the National Association of Stevedores to try to solve the problem, which often results in fines for truckers handling overweight ship containers.

Trucking interests maintain that they cannot refuse the unweighed containers because of competitive pressures.

Thomas D. Wilcox, executive director and general counsel of the stevedore group, said he called the meeting to develop a solution before the federal government steps in.

Truck drivers – often independent owner operators – are being fined by police who find the truck drivers hauling a ship container that's either overweight or loaded so that it cannot meet axle weight or bridge limits.

Inbound containers are a major problem at ports on all coasts. There also are problems with outbound containers that are transported most of the way by rail, but must complete the journey to the docks by truck.

Lana Batts, ATA vice president for policy, was slated to be a principal spokesperson for truckers at a March 3 meeting of the group. ATA maintains that incoming containers should be weighed at the port on the type of scales used at highway weigh stations, which show weight per axle as well as gross vehicle weight.

Port officials complain that the cost of purchasing and operating such scales is almost prohibitive at ports that often handle a thousand or more containers a day. But cheaper, lighter portable scales would not handle the volume they say.

The representatives also are considering what to do with overloaded containers, or those loaded so that axle weight limits are violated.

Trucking interests say they can identify U.S. shippers who overload or badly load containers and have some control over the violators.

Foreign shippers are harder to control, they say, and would have to be penalized in this country for their loading errors. □

Wrangling over federal hazmat regulations continues

From CCJ's Washington Bureau

There is still disagreement within the trucking and shipping industries over how hazardous materials regulations should be applied. But there is a general consensus that the federal government should set uniform rules rather than permit each state to draft its own regulations.

The American Trucking Associations (ATA) and its affiliated National Tank Truck Carriers won an initial victory when the U.S. Department of Transportation ruled that "virtually all" of New York City's hazmat regs are "inconsistent with the [federal] Hazardous Materials Transportation Act... and regulations and, therefore, are preempted..."

The challenge was brought because the city's regulations increased people's exposure to hazardous materials when cargo had to be transferred to small vehicles that meet city requirements, but are illegal elsewhere and considered unsafe, according to ATA president Thomas Donohue.

However, the issue awaits a final court decision in a case brought by ATA and the National Paint & Coatings Association.

Transportation secretary James Burnley has said that he favors a case-by-case approach to federal preemption of hazardous materials regulation by the states. In a recent interview he said: "Leaving the issue entirely to the states is not the right answer; absolute federal preemption, broad-brush, is not the right answer; sorting it out case-by-case is the right answer, but it is messy and it takes more time."

Disagreement over how to implement hazmat regulations still exists between the National Private Trucking Association and its former umbrella group, ATA.

For example, a DOT proposal to require placing emergency guidebooks in tractor cabs used to haul hazmat materials is favored by the private carrier group, but the guidebook is not needed in cabs, according to ATA and its Regular Common Carrier Conference.

Both groups, however, favor that part of the proposal by the DOT's Research and Special Projects Administration that would require additional emergency response information be included on shipping papers.

ATA says truck drivers are not "emergency response" personnel and, therefore, shouldn't carry the guidebook in their cabs. Some 1.5 million copies of the book have already been distributed to emergency responders, according to John V. Currie, ATA safety director.

But the private carrier group contends that the book should be required in truck cabs because truck drivers, as well as passersby, "are without essential information concerning the risks which the materials being transported may pose to them and the public generally, or how to provide immediate and effective first aid, should contact with a material [have] occurred."

ATA also is opposing a DOT proposal that would require immediate notification to the National Response Center in the event of evacuation or if a transportation facility closes for more than an hour because of an incident. The proposal is unnecessary and unworkable, ATA told DOT. □

1987 retail truck sales set record, says MVMA

Retail truck sales of 4.2 million units by franchised dealers of U.S. truck manufacturers set a record for 1987, according to preliminary figures released by the Motor Vehicle Manufacturers Association. The previous record of 4 million units was set in 1986. Sales for the 1987 calendar year were up 3.5% from 1986. □

Preliminary New Truck Retail Sales by Gross Vehicle Weight (Including Imports of U.S. Manufacturers)

Class	Calendar Year 1987	1986	1987/1986 % change
I (0 to 6,000 lb)	2,696,127	2,541,128	+6.1
II (6,001 to 10,000 lb)	1,175,080	1,213,664	-3.2
III (10,001 to 14,000 lb)	13,934	11,558	+20.6
IV (14,001 to 16,000 lb)	2,129	—	—
V (16,001 to 19,500 lb)	8,198	5,905	+38.8
VI (19,501 to 26,000 lb)	44,206	44,796	-1.3
VII (26,001 to 33,000 lb)	102,317	100,713	+1.6
VIII (33,001 lb & over)	130,521	112,871	+15.6
TOTAL	4,172,512	4,030,635	+3.5

Firms celebrate birthdays

The Mashburn Companies, super-heavy trucking and rigging specialists, are in their 75th year in business.

The Childress, Tex., firm now has four subsidiaries. They are National Rigging, Lone Star Trailers, Mashburn Trucking and Lone Star Cranes.

Fifty years ago, Williams Control began to manufacture a unique air brake control valve.

The company is now part of Dana Corporation's Precision Controls Divison. Williams manufactures and markets air-related control devices and exhaust brakes for trucks and buses. □